



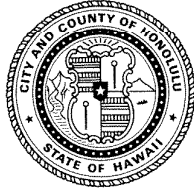
City and County of Honolulu

**THE EXECUTIVE
PROGRAM AND BUDGET
FISCAL YEAR 2003**



VOLUME I: OPERATING PROGRAM AND BUDGET

CITY AND COUNTY OF HONOLULU



JEREMY HARRIS
MAYOR

BENJAMIN B. LEE, FAIA, MANAGING DIRECTOR
CAROLL TAKAHASHI, DIRECTOR OF BUDGET AND FISCAL SERVICES

CITY COUNCIL

JOHN DESOTO, COUNCIL CHAIR
DISTRICT IX (WAIPAHU TO MAKAU)

COUNCILMEMBERS:

RENE MANSHO	DISTRICT I	(WAIPIO TO WAIALEE)
STEVE HOLMES	DISTRICT II	(KAWELA TO KAELEPULU-ENCHANTED LAKE)
JOHN HENRY FELIX, VICE CHAIR	DISTRICT III	(MOKAPU TO WAIALAE NUI RIDGE)
DUKE BAINUM	DISTRICT IV	(WAIALAE NUI TO WAIKIKI)
ANN KOBAYASHI	DISTRICT V	(MANOA TO KEWALO)
JON YOSHIMURA	DISTRICT VI	(PUNCHBOWL TO KALIHI)
ROMY CACHOLA	DISTRICT VII	(KALIHI TO HALAWA)
GARY OKINO	DISTRICT VIII	(HALAWA TO WAIPAHU)



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City & County of Honolulu
Hawaii**

For the Fiscal Year Beginning

July 1, 2001

Samuel A. Chu
President

Jeffrey R. Egan
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City and County of Honolulu for its annual budget for the fiscal year beginning July 1, 2001.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

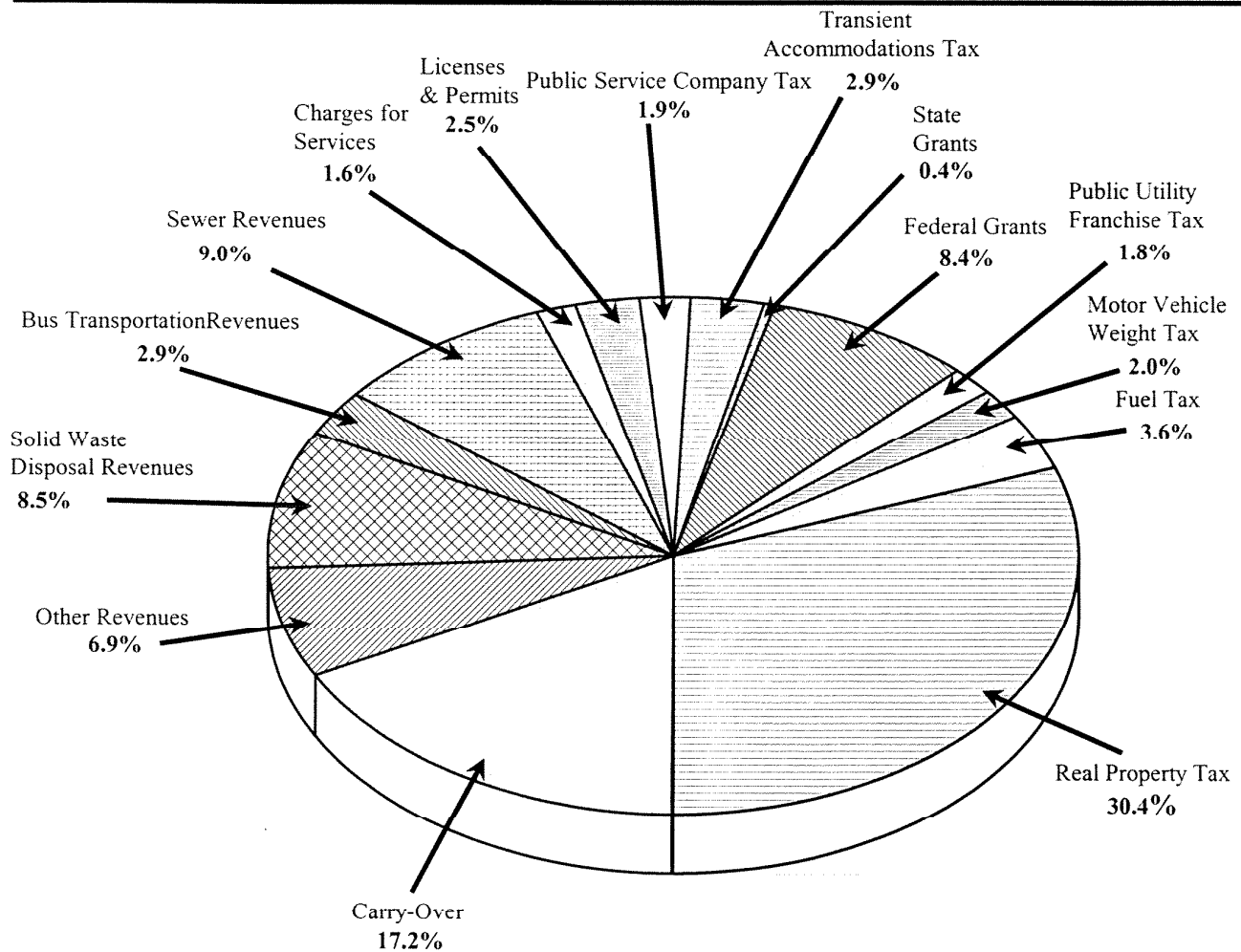
The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award

Budget Summaries

Where the City Gets Its Dollars

FY 2003 Operating Resources

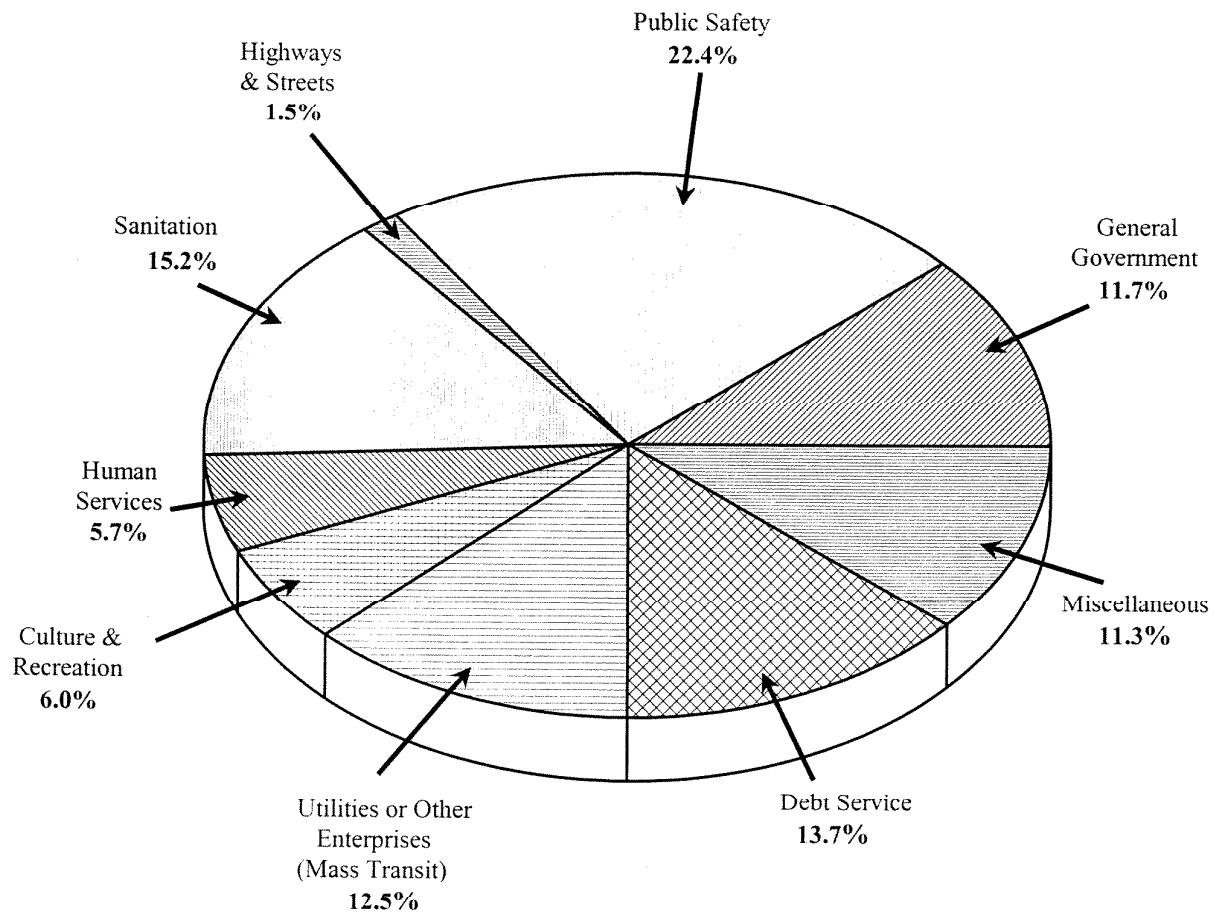
(\$1.261 Billion)



The above pie chart shows the composition of resources for the City's various funds for FY 2003. Carry-Over includes unappropriated and restricted fund balances.

Where the City Spends Its Dollars

FY 2003 Operating Expenditures (\$1.121 Billion)



The above pie chart shows the composition of expenditures for the City's various funds for FY 2003.

SUMMARY OF RESOURCES BY SOURCE

SOURCE	FY 2001 ACTUAL	FY 2002 APPROPRIATED	FY 2003 PROPOSED
<u>OPERATING RESOURCES</u>			
Real Property Tax	\$ 380,097,662	\$ 371,234,000	\$ 383,724,000
Fuel Tax	46,078,270	44,800,000	45,300,000
Motor Vehicle Weight Tax	24,485,109	24,400,000	24,596,000
Public Utility Franchise Tax	22,809,509	22,800,000	22,900,000
Federal Grants	77,429,486	97,785,324	105,369,063
State Grants	4,400,639	5,688,287	5,443,572
Transient Accommodations Tax	35,641,231	39,000,000	35,900,000
Public Service Company Tax	-	23,000,000	24,500,000
Licenses and Permits	31,794,153	31,004,725	31,517,881
Charges for Services	21,071,846	19,551,120	19,900,605
Sewer Charges	112,570,598	113,657,600	113,527,600
Bus Transportation Revenues	32,786,000	29,358,060	36,937,910
Solid Waste Disposal Revenues	105,292,466	107,599,823	107,343,222
Other Revenues	94,561,218	89,178,330	86,770,908
Carry-Over	179,899,580	178,122,550	217,446,941
TOTAL OPERATING RESOURCES	\$ 1,168,917,767	\$ 1,197,179,819	\$ 1,261,177,702
<u>CAPITAL RESOURCES</u>			
General Obligation Bonds	\$ 224,684,331	\$ 366,313,800	\$ 294,020,000
Bikeway Fund	448,798	215,000	735,000
Parks and Playgrounds Fund	2,077,176	2,600,000	2,097,000
Sewer Fund	7,699,952	9,640,208	10,320,000
Sewer Revenue Bond Improvement Fund	86,581,524	177,904,000	144,823,000
Federal Grants Fund	58,097,565	5,624,000	7,792,811
Community Development Fund	-	13,795,471	13,775,670
State Funds	-	-	-
Developer	800,000	1,625,000	1,220,000
Sewer Assessment	-	1,225,000	-
Utilities	813,776	300,000	700,000
TOTAL CAPITAL RESOURCES	\$ 381,203,122	\$ 579,242,479	\$ 475,483,481
TOTAL RESOURCES	\$ 1,550,120,889	\$ 1,776,422,298	\$ 1,736,661,183

OPERATING AND CAPITAL BUDGET EXPENDITURES BY FUNCTION
FISCAL YEAR 2001

FUNCTION	APPROPRIATED	ACTUAL
<u>OPERATING EXPENDITURES</u>		
EXECUTIVE		
General Government	\$ 112,279,287	\$ 107,574,043
Public Safety	222,168,436	216,027,904
Highways and Streets	17,610,221	15,456,402
Sanitation	153,252,933	143,509,052
Health and Human Services	78,631,840	61,508,027
Culture-Recreation	57,029,923	55,293,365
Utilities or Other Enterprises (Mass Transit)	119,708,618	119,198,603
Subtotal	<u>\$ 760,681,258</u>	<u>\$ 718,567,396</u>
Debt Service	162,927,274	160,205,337
Retirement System Contributions	5,919,879	4,833,065
FICA and Pension Costs	16,115,000	16,036,272
Health Fund	54,270,000	53,444,309
Miscellaneous	18,575,000	15,135,238
Subtotal	<u>\$ 257,807,153</u>	<u>\$ 249,654,221</u>
TOTAL EXECUTIVE	<u>\$ 1,018,488,411</u>	<u>\$ 968,221,617</u>
LEGISLATIVE		
General Government	<u>7,439,557</u>	<u>7,136,454</u>
TOTAL LEGISLATIVE	<u>\$ 7,439,557</u>	<u>\$ 7,136,454</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,025,927,968</u>	<u>\$ 975,358,071</u>
<u>CAPITAL EXPENDITURES</u>		
General Government	\$ 63,793,919	\$ 68,070,962
Public Safety	10,205,000	7,440,719
Highways and Streets	82,137,500	89,766,674
Sanitation	103,881,300	97,054,641
Health and Human Services*	-	-
Culture-Recreation	103,926,475	89,046,355
Utilities or Other Enterprises (Mass Transit)	<u>21,580,000</u>	<u>29,823,771</u>
TOTAL CAPITAL EXPENDITURES	<u>\$ 385,524,194</u>	<u>\$ 381,203,122</u>
TOTAL CITY EXPENDITURES	<u>\$ 1,411,452,162</u>	<u>\$ 1,356,561,193</u>

*Expenditures for Health and Human Services are included in General Government.

OPERATING AND CAPITAL BUDGET EXPENDITURES BY FUNCTION
FISCAL YEAR 2002

FUNCTION	APPROPRIATED
<u>OPERATING EXPENDITURES</u>	
EXECUTIVE	
General Government	\$ 124,672,664
Public Safety	226,963,005
Highways and Streets	18,675,558
Sanitation	157,907,034
Health and Human Services	77,832,179
Culture-Recreation	62,582,894
Utilities or Other Enterprises (Mass Transit)	134,290,541
Subtotal	<u>\$ 802,923,875</u>
Debt Service	\$ 137,666,838
Retirement System Contributions	33,687,861
FICA and Pension Costs	15,862,576
Health Fund	58,735,343
Miscellaneous	35,085,659
Subtotal	<u>\$ 281,038,277</u>
TOTAL EXECUTIVE	<u>\$ 1,083,962,152</u>
LEGISLATIVE	
General Government	<u>8,038,169</u>
TOTAL LEGISLATIVE	<u>\$ 8,038,169</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,092,000,321</u>
<u>CAPITAL EXPENDITURES</u>	
General Government	77,987,800
Public Safety	49,408,000
Highways and Streets	73,997,000
Sanitation	184,826,208
Health and Human Services	18,897,471
Culture-Recreation	145,713,000
Utilities or Other Enterprises (Mass Transit)	28,413,000
TOTAL CAPITAL EXPENDITURES	<u>\$ 579,242,479</u>
TOTAL CITY EXPENDITURES	<u>\$ 1,671,242,800</u>

OPERATING AND CAPITAL BUDGET EXPENDITURES BY FUNCTION
FISCAL YEAR 2003

FUNCTION	PROPOSED
<u>OPERATING EXPENDITURES</u>	
EXECUTIVE	
General Government	\$131,480,053
Public Safety	251,287,879
Highways and Streets	16,836,587
Sanitation	169,769,201
Human Services*	63,517,381
Culture-Recreation	67,747,228
Utilities or Other Enterprises (Mass Transit)	140,684,852
Subtotal	<u>\$ 841,323,181</u>
Debt Service	\$153,168,219
Retirement System Contributions	17,659,694
FICA and Pension Costs	17,745,709
Health Fund	63,336,666
Miscellaneous	27,867,950
Subtotal	<u>\$ 279,778,238</u>
TOTAL EXECUTIVE	<u>\$ 1,121,101,419</u>
LEGISLATIVE	
General Government	<u>8,038,169</u>
TOTAL LEGISLATIVE	<u>\$ 8,038,169</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,129,139,588</u>
<u>CAPITAL EXPENDITURES</u>	
General Government	44,701,000
Public Safety	23,779,000
Highways and Streets	43,457,000
Sanitation	169,341,000
Human Services*	18,136,481
Culture-Recreation	110,371,000
Utilities or Other Enterprises (Mass Transit)	<u>65,698,000</u>
TOTAL CAPITAL EXPENDITURES	<u>\$ 475,483,481</u>
TOTAL CITY EXPENDITURES	<u>\$ 1,604,623,069</u>

*The Human Services function replaces the Health and Human Services function. Expenditures for Health are now included in Public Safety.

OPERATING EXPENDITURES BY DEPARTMENT
FISCAL YEAR 2001

DEPARTMENT/AGENCY	APPROPRIATED		ACTUAL	
	BUDGET	NO. OF POSITIONS*	EXPENDITURES	NO. OF POSITIONS*
Budget and Fiscal Services	\$ 15,159,076	362.00	\$ 13,483,323	362.00
Community Services	66,783,892	193.40	49,832,694	193.40
Corporation Counsel	6,626,673	89.50	6,087,210	89.50
Customer Services	16,101,397	295.65	14,922,613	295.65
Design and Construction	15,696,901	312.00	14,265,811	312.00
Emergency Services	17,025,265	388.73	16,930,862	391.73
Enterprise Services	15,116,338	316.63	14,151,237	334.37
Environmental Services	153,252,933	1,149.25	143,509,053	1,149.25
Facility Maintenance	37,474,799	786.49	36,868,619	786.49
Fire	55,500,964	1,136.08	54,291,055	1,136.08
Human Resources	4,047,293	83.00	3,884,618	83.00
Information Technology	8,111,085	117.00	7,686,409	117.00
Mayor	412,718	7.00	437,341	5.00
Managing Director	3,319,742	32.00	3,126,122	37.50
Oahu Civil Defense Agency	535,000	9.48	554,998	9.50
Neighborhood Commission	955,056	19.00	866,933	18.00
Royal Hawaiian Band	1,554,114	41.00	1,336,584	41.00
Medical Examiner	941,000	17.00	947,390	17.00
Parks and Recreation	40,359,471	1,012.37	39,805,544	1,040.11
Planning and Permitting	12,488,602	298.00	11,800,747	298.00
Police	152,327,056	2,664.00	147,396,188	2,664.00
Prosecuting Attorney	13,466,803	279.00	13,555,925	279.00
Transportation Services	123,425,080	104.00	122,826,120	104.00
TOTAL EXPENDITURES	\$ 760,681,258	9,712.58	718,567,396	9,763.58

* Full-time Equivalent

OPERATING EXPENDITURES BY DEPARTMENT
FISCAL YEAR 2002

DEPARTMENT/AGENCY	APPROPRIATED	NO. OF POSITIONS*
Budget and Fiscal Services	\$ 16,007,262	353.00
Community Services	63,714,433	206.00
Corporation Counsel	6,654,753	89.50
Customer Services	17,764,446	296.60
Design and Construction	17,155,473	315.00
Emergency Services	19,688,981	418.59
Enterprise Services	16,001,722	333.85
Environmental Services	157,907,034	1,130.25
Facility Maintenance	43,393,998	788.49
Fire	56,657,776	1,139.08
Human Resources	4,299,763	83.50
Information Technology	9,273,787	125.00
Mayor	445,918	5.00
Managing Director	4,542,497	37.50
Oahu Civil Defense Agency	553,808	9.48
Neighborhood Commission	672,859	17.00
Royal Hawaiian Band	1,541,199	41.00
Medical Examiner	948,265	17.00
Parks and Recreation	45,039,973	1,083.71
Planning and Permitting	13,379,118	304.50
Police	155,111,239	2,687.00
Prosecuting Attorney	13,814,936	280.00
Transportation Services	138,354,635	104.00
TOTAL EXPENDITURES	\$ 802,923,875	9,865.05

* Full-time Equivalent

OPERATING EXPENDITURES BY DEPARTMENT
FISCAL YEAR 2003

DEPARTMENT/AGENCY	PROPOSED	NO. OF POSITIONS*
Budget and Fiscal Services	\$ 16,876,840	354.00
Community Services	63,517,381	245.50
Corporation Counsel	8,099,379	90.00
Customer Services	18,244,739	297.60
Design and Construction	16,839,068	310.50
Emergency Services	22,002,920	425.08
Enterprise Services	16,483,328	325.76
Environmental Services	169,769,201	1,130.25
Facility Maintenance	43,877,848	778.99
Fire	60,746,771	1,145.19
Human Resources	4,422,764	84.00
Information Technology	9,336,392	127.00
Mayor	456,542	5.00
Managing Director	4,575,184	37.00
Oahu Civil Defense Agency	585,795	9.48
Neighborhood Commission	988,173	18.00
Royal Hawaiian Band	1,654,687	41.00
Medical Examiner	1,052,591	17.00
Parks and Recreation	49,609,213	1,107.52
Planning and Permitting	13,814,142	301.00
Police	158,667,316	2,689.00
Prosecuting Attorney	15,214,900	278.50
Transportation Services	144,488,007	104.00
TOTAL OPERATING EXPENDITURES	\$ 841,323,181	9,921.37

* Full-time Equivalent

OPERATING EXPENDITURES BY COST ELEMENT
FISCAL YEAR 2003

DEPARTMENT/AGENCY	SALARIES	CURRENT EXPENSES	EQUIPMENT	TOTAL
Budget & Fiscal Services	\$ 14,451,845	\$ 2,348,795	\$ 76,200	\$ 16,876,840
Community Services	9,306,817	54,004,561	206,003	63,517,381
Corporation Counsel	4,394,254	3,705,125	-	8,099,379
Customer Services	9,975,471	8,251,408	17,860	18,244,739
Design and Construction	9,196,092	7,642,976	-	16,839,068
Emergency Services	18,033,463	2,834,507	1,134,950	22,002,920
Enterprise Services	9,456,452	6,991,876	35,000	16,483,328
Environmental Services	42,697,286	127,071,915	-	169,769,201
Facility Maintenance	21,911,024	21,966,824	-	43,877,848
Fire	54,392,688	6,000,083	354,000	60,746,771
Human Resources	3,981,074	441,690	-	4,422,764
Information Technology	5,945,050	2,325,842	1,065,500	9,336,392
Mayor	389,952	66,590	-	456,542
Managing Director	1,718,484	2,856,700	-	4,575,184
Oahu Civil Defense Agency	449,485	136,310	-	585,795
Neighborhood Commission	594,167	394,006	-	988,173
Royal Hawaiian Band	1,569,602	85,085	-	1,654,687
Medical Examiner	868,177	184,414	-	1,052,591
Parks and Recreation	31,689,442	17,754,149	165,622	49,609,213
Planning and Permitting	12,828,636	985,506	-	13,814,142
Police	136,701,813	21,765,503	200,000	158,667,316
Prosecuting Attorney	13,055,425	2,159,475	-	15,214,900
Transportation Services	87,276,890	57,211,117	-	144,488,007
	<u>\$ 490,883,589</u>	<u>\$ 347,184,457</u>	<u>\$ 3,255,135</u>	<u>\$ 841,323,181</u>
Debt Service	-	\$153,168,219	-	153,168,219
Retirement System Contributions	-	17,659,694	-	17,659,694
FICA and Pension Costs	-	17,745,709	-	17,745,709
Health Fund	-	63,336,666	-	63,336,666
Miscellaneous	-	27,867,950	-	27,867,950
	<u>\$ -</u>	<u>\$ 279,778,238</u>	<u>\$ -</u>	<u>\$ 279,778,238</u>
 TOTAL EXPENDITURES	 <u>\$ 490,883,589</u>	 <u>\$ 626,962,695</u>	 <u>\$ 3,255,135</u>	 <u>\$ 1,121,101,419</u>

Capital Improvement Program Budget Highlights

The FY 2003 capital improvement program (CIP) budget continues to focus on investing in our future with projects essential for improving the quality of life for all our residents. The FY 2003 CIP budget as submitted, totals \$475.5 million, a decrease of \$103.7 million from the \$579.2 million FY 2002 CIP budget. The decrease from last year's budget is due to decreases for General Government, Public Safety, Highways and Streets, Sanitation, Human Services, and Culture and Recreation projects partially offset by an increase for Utilities or Other Enterprises projects.

In preparing the CIP budget, 19 Vision Groups are each allotted \$2 million for a total of \$38 million. In addition, 33 Neighborhood Boards are each allotted \$1 million for a total of \$33 million. The Vision Groups and Neighborhood Boards generate their own CIP projects based on their priorities.

General Government

A total of \$44.7 million is included in the CIP budget for various general government projects. This is a decrease of \$33.2 million from the \$77.9 million included in the FY 2002 budget. For the fourth consecutive year, a significant amount (\$20.0 million) is budgeted for the Procurement of Major Equipment. Other major projects include the Telecommunications Facilities Upgrade (\$4.2 million), Ala Wai Boulevard Parking Lot (\$3.0 million), Electronic Work Flow Systems (\$2.3 million), Kulana Nani Apartment Renovation (\$2.2 million), Miscellaneous Land Acquisition Expenses (\$1.7 million), Convention Center Redevelopment (\$1.5 million), Financial Accounting System (\$1.5 million), Automated Permit Management and Tracking System (\$1.1 million), Geographic Information system (\$1.1 million), and Miscellaneous Public Building Facilities Improvements (\$1.1 million).

Public Safety

Public safety capital improvement projects total \$23.8 million. This reflects a decrease of \$25.6 million from the \$49.4 million budgeted in FY 2002. Major projects include the Police Training Academy Firing Range (\$6.0 million), Waianae Coast Alternate Route (\$3.4 million), Traffic Improvements at Various Locations (\$3.0 million), Traffic Calming Improvements (\$1.5 million), Computerized Traffic Control system (\$1.5 million), Kapalama Incinerator Improvements (\$2.8 million), and Wailupe Stream Flood Control (1.0 million).

Highways and Streets

The capital improvement program budget for highways and streets is \$43.4 million, a decrease of \$30.5 million from the FY 2002 budget of \$73.9 million. Curb Ramps at Various Locations (\$14.0 million), North-South Road/Park Row Roadway (\$5.0 million), Rehabilitation of Streets, Oahu (\$6.2 million), Waikiki Improvements (\$3.9 million), Young Street Park Boulevard and Bikeway (\$2.2 million), King Street Improvements (\$2.0 million), Miscellaneous Bikeway Projects (\$1.8 million), and Ala Wai Boulevard Pedestrian/Bicycle Improvements (\$1.1 million).

Sanitation

The \$169.3 million provided for wastewater facility improvements and solid waste projects is the largest allocation of the CIP. This, however, reflects a decrease of \$15.5 million from the amount budgeted in FY 2002. Major projects include the H-Power Expansion (\$6.0 million), Recycling Technology Park (\$8.0 million), Ala Moana Wastewater Pump Station Modification (\$24.6 million), Kalaheo Avenue Reconstructed Sewer, Kailua (\$5.0 million), Kaneohe Preliminary Treatment Facility (\$1.0 million), Miscellaneous Wastewater Equipment (\$4.0 million), Project Management for Wastewater Projects (\$6.1 million), Sand Island Wastewater Treatment Plant Expansion, Primary Treatment, 90 (\$39.0 million), Sand Island Wastewater Treatment Plant, Unit I, Phase 2A (\$55.9 million), Wastewater Facilities Replacement Reserve (\$3.0 million), Small Sewer Mainline and Lateral Projects (\$3.0 million), Miscellaneous

Capital Improvement Program Budget Highlights (continued)

Wastewater Treatment Plant and Pump Station Projects (\$3.0 million), Sand Island WWTP Disinfect Facility and Effluent Pump Station (\$1.5 million),

Human Services

Collectively, projects addressing human services are budgeted at \$18.1 million, a decrease of \$0.8 million from the \$18.9 million budgeted in FY 2002. Among the major projects are St. Francis Healthcare System Residential Care Community for Elderly (\$2.0 million), ORI, Anuenue Hale, Inc. (\$1.5 million), Pacific Gateway Center (\$1.0 million), Palolo Valley Homes (\$1.5 million), Community Housing Development Organization (CHDO Set-Aside) (\$1.3 million), Lanakila Rehabilitation Center Meals on Wheels Program Renovation (\$1.3 million), Honolulu Community Action Program Opportunity Development Center (\$1.1 million), Palolo Chinese Home (\$1.0 million), and Hawaii Foodbank Warehouse – Phase II (\$1.0 million).

Culture-Recreation

The sum of \$110.4 million is included in the CIP for various culture-recreation projects. This is a decrease of \$35.3 million from the FY 2002 budget of \$145.7 million. Some of the larger projects are Honolulu Zoo Master Plan/Improvements (\$6.1 million), Central Oahu Aquatics Center (\$6.1 million), Golf Course – Miscellaneous Improvements (\$3.2 million), Community Ballroom/Art Center (\$3.0 million), Tennis Complex (\$3.0 million), Project Management and Construction Management Services – Culture and Recreation (\$2.0 million), Miscellaneous Park Improvements for Vision Groups 1, 3, 5, 7, 9, 10, 13, 14, 16, 17, and 19 (\$2 million each – total \$22 million), Miscellaneous Park Improvements for Neighborhood Boards 1, 2, 3, 4, 5, 7, 8, 9, 10, 12, 13, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 33, and 35 (\$1.0 million each – total \$28.0 million), Nuuanu Valley Multi-Purpose Room (\$1.6 million), Waimanalo All Parks Master Plan (\$1.2 million), Lanakila District Park, Liliha (\$1.0 million), Kapolei Regional Park (\$1.0 million), Waimanalo District Park (\$1.0 million), Central Oahu Regional Park (\$3.9 million), Kalaeloa Regional Park (\$1.0 million), Pearl Harbor Historic Trail (\$1.0 million), Landscaping Improvements at Various Parks (\$1.0 million), and Koko Head District Park – Swimming Pool (\$1.0 million).

Utilities or Other Enterprises (Mass Transit)

The \$65.7 million provided for Utilities or Other Enterprises (Mass Transit) projects reflects an increase of \$37.3 million over the \$28.4 million included in the FY 2002 budget. Major projects include BRT Iwilei to Waikiki alignment (\$35.0 million), Bus Acquisition Program (\$15.2 million), Middle Street Transit Center (\$7.2 million), and High Tech Bus Pass (\$2.2 million).

MULTI-YEAR FINANCIAL OUTLOOK
(\$ in Millions)

		ESTIMATED					
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>OPERATING EXPENDITURES</u>							
Executive							
General Government	\$	131.5	\$ 134.0	\$ 136.6	\$ 139.1	\$ 141.8	\$ 144.5
Public Safety		251.3	264.1	272.4	280.3	288.2	295.4
Highways and Streets		16.8	17.1	17.4	17.8	18.1	18.5
Sanitation		169.8	175.5	185.0	188.1	192.8	197.6
Human Services*		63.5	64.7	65.9	67.2	68.5	69.8
Culture-Recreation		67.7	69.0	70.3	71.6	73.0	74.4
Utilities or Other Enterprises							
(Transportation)		140.7	155.1	158.7	161.7	164.7	167.9
Debt Service		153.2	235.7	257.7	272.2	298.0	301.6
Retirement System							
Contributions		17.7	37.7	43.4	55.3	65.1	65.9
FICA and Pension Costs		17.7	18.0	18.4	18.7	19.1	19.4
Health Fund		63.3	70.3	74.5	79.0	83.8	88.9
Miscellaneous		27.9	28.4	29.0	29.5	30.1	30.7
Legislative		8.0	8.2	8.3	8.5	8.6	8.8
TOTAL OPERATING EXPENDITURES		<u>\$ 1,129.1</u>	<u>\$ 1,277.8</u>	<u>\$ 1,337.6</u>	<u>\$ 1,389.1</u>	<u>\$ 1,451.8</u>	<u>\$ 1,483.3</u>
<u>CAPITAL EXPENDITURES</u>							
General Government		44.7	27.1	29.5	31.5	23.3	15.6
Public Safety		23.8	39.8	13.9	15.0	9.2	6.8
Highways and Streets		43.5	81.9	61.2	47.9	42.6	30.6
Sanitation		169.3	170.5	185.9	104.0	9.5	-
Human Services*		18.1	3.0	3.0	-	-	-
Culture-Recreation		110.4	39.5	35.9	10.2	5.2	5.3
Utilities or Other Enterprises							
(Transportation)		65.7	24.9	41.7	14.5	13.8	13.8
TOTAL CAPITAL EXPENDITURES		<u>\$ 475.5</u>	<u>\$ 386.7</u>	<u>\$ 371.1</u>	<u>\$ 223.1</u>	<u>\$ 103.6</u>	<u>\$ 72.1</u>

*The function Human Services was previously called Health and Human Services.

MULTI-YEAR FINANCIAL OUTLOOK
(\$ in Millions)

	ESTIMATED					
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>OPERATING RESOURCES</u>						
Real Property Tax	383.7	404.0	424.6	446.3	470.0	495.3
Fuel Tax	45.3	47.2	47.6	48.0	48.5	48.9
Motor Vehicle Weight Tax	24.6	28.2	28.8	29.4	29.9	30.5
Public Utility Franchise Tax	22.9	23.7	24.7	25.7	26.8	28.1
Federal Grants	105.4	97.6	104.1	88.3	88.3	88.3
State Grants	5.5	5.1	5.4	4.6	4.6	4.6
Transient Accommodations Tax	35.9	38.0	40.0	42.1	44.3	46.6
Public Service Company Tax	24.5	25.4	26.4	27.5	28.7	30.0
Licenses and Permits	31.5	33.1	32.4	34.0	33.4	33.8
Charges for Services	19.9	20.4	20.7	21.1	21.5	21.7
Sewer Revenues	113.5	128.7	146.6	165.0	181.0	194.7
Bus Transportation Revenues	36.9	37.4	38.0	38.6	39.2	39.6
Solid Waste Disposal Revenues	107.3	108.6	109.9	113.1	112.5	113.9
Other Revenues	86.8	89.0	91.2	93.5	95.8	98.2
Carry-Over	217.4	221.7	226.2	230.7	235.3	240.0
 TOTAL OPERATING RESOURCES	 <u>\$ 1,261.1</u>	 <u>\$ 1,308.1</u>	 <u>\$ 1,366.5</u>	 <u>\$ 1,407.8</u>	 <u>\$ 1,459.7</u>	 <u>\$ 1,514.2</u>
<u>CAPITAL RESOURCES</u>						
General Obligation Bonds	\$ 294.0	\$ 217.6	\$ 180.9	\$ 118.6	\$ 91.9	\$ 71.9
Bidway Fund	0.7	-	-	-	-	-
Parks and Playgrounds Fund	2.1	2.5	-	-	-	-
Solid Waste Disposal Facility Fund	-	-	-	-	-	-
Sewer Revenue Bond Improvement Fund	144.8	150.1	181.9	100.0	9.5	-
State Funds	-	-	-	-	-	-
Community Development Funds	13.8	6.2	4.1	0.3	2.0	-
Federal Grants Fund	7.8	5.8	0.1	0.1	0.1	0.1
Sewer Fund	10.3	4.0	4.0	4.0	-	-
Developer	1.3	-	-	-	-	-
Sewer Assessment	-	0.4	-	-	-	-
Utilities	0.7	0.1	0.1	0.1	0.1	0.1
 TOTAL CAPITAL RESOURCES	 <u>\$ 475.5</u>	 <u>\$ 386.7</u>	 <u>\$ 371.1</u>	 <u>\$ 223.1</u>	 <u>\$ 103.6</u>	 <u>\$ 72.1</u>

MULTI-YEAR FINANCIAL OUTLOOK
(\$ in Millions)

	ESTIMATED					
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<u>EXPENDITURES</u>						
OPERATING	\$ 1,129.1	\$ 1,277.8	\$ 1,337.6	\$ 1,389.1	\$ 1,451.8	\$ 1,483.3
CAPITAL	475.5	386.7	371.1	223.1	103.6	72.1
TOTAL EXPENDITURES	<u>\$ 1,604.6</u>	<u>\$ 1,664.5</u>	<u>\$ 1,708.7</u>	<u>\$ 1,612.2</u>	<u>\$ 1,555.4</u>	<u>\$ 1,555.4</u>
<u>RESOURCES</u>						
OPERATING	\$ 1,261.1	\$ 1,308.1	\$ 1,366.5	\$ 1,407.8	\$ 1,459.7	\$ 1,514.2
CAPITAL	475.5	386.7	371.1	223.1	103.6	72.1
TOTAL RESOURCES	<u>\$ 1,736.6</u>	<u>\$ 1,694.8</u>	<u>\$ 1,737.6</u>	<u>\$ 1,630.9</u>	<u>\$ 1,563.3</u>	<u>\$ 1,586.3</u>
DIFFERENCE	\$ 132.0	\$ 30.2	\$ 28.9	\$ 18.7	\$ 8.0	\$ 30.9

MEETING FUTURE EXPENDITURE REQUIREMENTS

Surpluses continue to be anticipated through fiscal year 2006. However, current projections show the surplus will decline significantly in fiscal year 2004. After several years of gradual decline, an increase is anticipated in fiscal year 2008.

An increase in debt service in fiscal year 2004 is a major factor in the decline of available resources. Other projected increases mainly include expenditures for employee fringe benefits such as employee health fund and retirement system contributions and expenditures in the sanitation, public safety and utilities (mass transit) functions.

Some large cost employee fringe benefit increases are projected based on current laws and historical increases. However, laws have recently changed which may be beneficial to employers upon phased implementation. An example of this is the City's contributions to the employees' health fund which result in lowering the employers' share of employee health fund costs. In addition, the City will be challenging the increase in the City's required contribution to the Employees Retirement System in fiscal year 2004 which reflects an increase in excess of 100% over fiscal year 2003. In both of these high cost employee fringe benefit areas, actions are in motion to reduce costs. However, these anticipated cost reductions may be premature, so they are not being fully considered in the projections.

Increased requirements for the sanitation function will largely be covered by sewer fees and solid waste disposal charges although the General Fund pays for residential refuse collection. Much of the operational and debt service costs within this function will be covered by these fees and charges. As costs rise, fees are anticipated to increase as well. The increases are included in the schedules above. Fees may rise at a higher rate than costs because of greater efforts to preserve our pristine environment through increased recycling efforts. However, we are optimistic advances in technology will make recycling and reuse of resources more efficient.

Currently, the General and Highway Funds subsidize approximately 70% of the operational cost of the City's bus system. Subsidy of the bus cannot exceed a specific ratio of approximately that amount. Therefore, fares must increase if costs rise. Related to the new Bus Rapid Transit System, the City anticipates significant federal assistance in building the system. The debt service to pay for the City bonds used to help build the system is expected to be paid largely by the Highway Fund.

We will continue to pursue higher federal and State funding to carry out the City's programs in the future. Federal sources of funding include transportation grants while State funding include receiving exemptions from the State General Excise Tax for City expenditures and payments from the State for traffic related enforcement services provided by the Honolulu Police Department. The source of funds would be receipts the State receives from traffic fines.

In addition to seeking more State and federal funds, economic stimulation efforts have already been accelerated and more of the City's allocations from the federal government are being programmed in this area.

We also anticipate that the real property tax holiday for new construction for seven years will expire in about three years. At that time, real property tax collections will increase.

These are some of the means to meet some of the City's expenditures in the future. Much depends on the global economy as well as the economic state of this State and City. However, our primary concern will be to maintain basic municipal services.

FACT SHEET ON BUDGET TRENDS

	Actual FY 1999	Actual FY 2000	Actual FY 2001	Budgeted FY 2002	Budgeted FY 2003
REAL PROPERTY TAX:					
Net Assessed Value a), b).....	76,628,371	71,820,677	68,676,200	69,671,569	73,584,358
Average Rate c).....	5.13	5.56	5.53	5.33	5.21
Collections a).....	402,827	399,115	380,098	371,234	383,724
EXECUTIVE AND LEGISLATIVE OPERATING BUDGETS:					
Appropriations a).....	1,057,976	1,020,560	1,025,928	1,092,000	1,129,140
CAPITAL BUDGET:					
Appropriations a).....	352,887	268,057	385,524	579,242	475,483
LONG-TERM DEBT:					
Debt Service Charges a).....	148,441	163,730	160,205	137,667	153,168
NUMBER OF POSITIONS: d)					
Police.....	2,802	2,546	2,664	2,687	2,689
Fire.....	1,138	1,038	1,136	1,139	1,145
Environmental Services (Wastewater Management).....	1,266	1,266	1,149	1,130	1,130
Parks and Recreation.....	1,053	1,040	1,040	1,084	1,108
Prosecuting Attorney.....	293	293	279	280	279
Other Executive Agencies.....	3,506	3,456	3,496	3,545	3,570
Total Executive Branch.....	10,058	9,639	9,764	9,865	9,921
MOTOR VEHICLE REGISTRATIONS e).....					
	588,193	591,499	591,980	641,860	658,850
RESIDENT POPULATION (July 1st) f,) g).....					
	871,768	864,571	875,672	881,294	886,952

a) Dollars in thousands

b) Valuation 100% of fair market value

c) Per thousand dollars

d) Rounded; temporary and contract positions included; authorized full-time equivalent positions

e) Calendar year

f) Source: State of Hawaii Data Book 1999 and 2000

g) 2002 - 2003 estimates based on preliminary forecasts

CITY AND COUNTY PROFILE

Land Area * 596.7 square miles

Racial Composition based on 2000 Department of Health survey *

Japanese	20.4	percent
Hawaiian/Part Hawaiian.....	20.1	percent
Mixed (except Hawaiian).....	19.5	percent
Caucasian	18.9	percent
Filipino.....	12.1	percent
Chinese	5.4	percent
Korean	1.3	percent
Samoan/Tongan	1.2	percent
African Americans	1.2	percent

Gender Composition *

Male	50.3	percent
Female.....	49.7	percent

Median Age (2000) * 35.7 years

Age Composition *

Under 18 years	23.8	percent
18 - 64 years.....	62.7	percent
65 years and over	13.4	percent

Elections *

Registered Voters, Primary Election 2000.....	439,934
Votes Cast, Primary Election 2000	180,114
Registered Voters, General Election 2000.....	444,945
Votes Cast, General Election 2000	257,840

Educational Attainment **

Less than High School Diploma.....	18.8	percent
High School Graduate or Higher	81.2	percent
Bachelor's Degree or Higher	24.6	percent

Median Household Income ** \$ 40,581

Number of Housing Units (2000) * 315,988

Building Permits Issued (2000) ****

Number Issued	13,636
Estimated Value (dollars in thousands).....	\$ 893,254

Unemployment Rate 2000 ***** 3.8 percent

* 2000 State of Hawaii Data Book (Preliminary)
 ** U.S. Bureau of the Census, 1990
 *** Office of Elections
 **** Honolulu Department of Planning and Permitting
 ***** Hawaii State Department of Labor and Industrial Relations

THE BUDGET PROCESS

INTRODUCTION

At first exposure, the annual budget may appear to be complicated and difficult to understand. This section describes the many facets of the budget process so that it is easier for our readers to use.

Each year, the City adopts three budgets:

- The Executive Operating Budget explains where the City gets its money and how it will be spent to pay for day-to-day operations of the executive branch.
- The Legislative Budget describes how the City Council and its activities will be funded.
- The Capital Budget lists and describes long-lived projects, such as highways, parks and buildings, which the City will undertake during the next six years as well as identifying in what years appropriations will be required. The Capital Budget is commonly referred to as the “CIP” for Capital Improvement Program.

The following sections explain how the budgets are put together and what they contain.

THE ANNUAL BUDGET

The annual budget of the City and County of Honolulu establishes the City’s policies and fulfills the legal requirement that a balanced financial plan be adopted to set the spending limits of the City. The budget also estimates the revenues and other financial resources that will be used to pay for the City’s operations during the fiscal year. Honolulu’s fiscal year begins on the first day of July and ends on the last day of June of the following year.

The Mayor’s budget message identifies the City’s major goals and objectives and explains how the administration plans to achieve them. The budget ensures that executive and legislative policies will be followed by detailing costs, making historical comparisons, and establishing performance measures against which City agencies can be evaluated throughout the year.

The budget process includes many open meetings and public hearings in order to ensure the public’s participation and input. The budget itself is a public information document providing readers with an overview of the City and its workings.

The budget is based on guidelines and restrictions established by the Hawaii Constitution, State statutes, Honolulu’s City Charter and City ordinances.

The Revised Charter of the City and County of Honolulu provides for an annual executive budget consisting of an operating budget and a capital budget including a statement of relationships between operating and capital items for the executive branch. Section 9 of the Revised Charter sets forth the contents of the budgets, the officers or agencies responsible for their preparation, and the manner and timetable of the Council’s review process. To comply with these requirements, the City administration prepares an Executive Program and Operating Budget (Volume I) and an Executive Program and Capital Budget (Volume II). The budget documents must be submitted to the City Council by March 2, 120 days before the start of the fiscal year, as required by the Charter.

THE BUDGET PROCESS (Continued)

THE ANNUAL BUDGET (Continued)

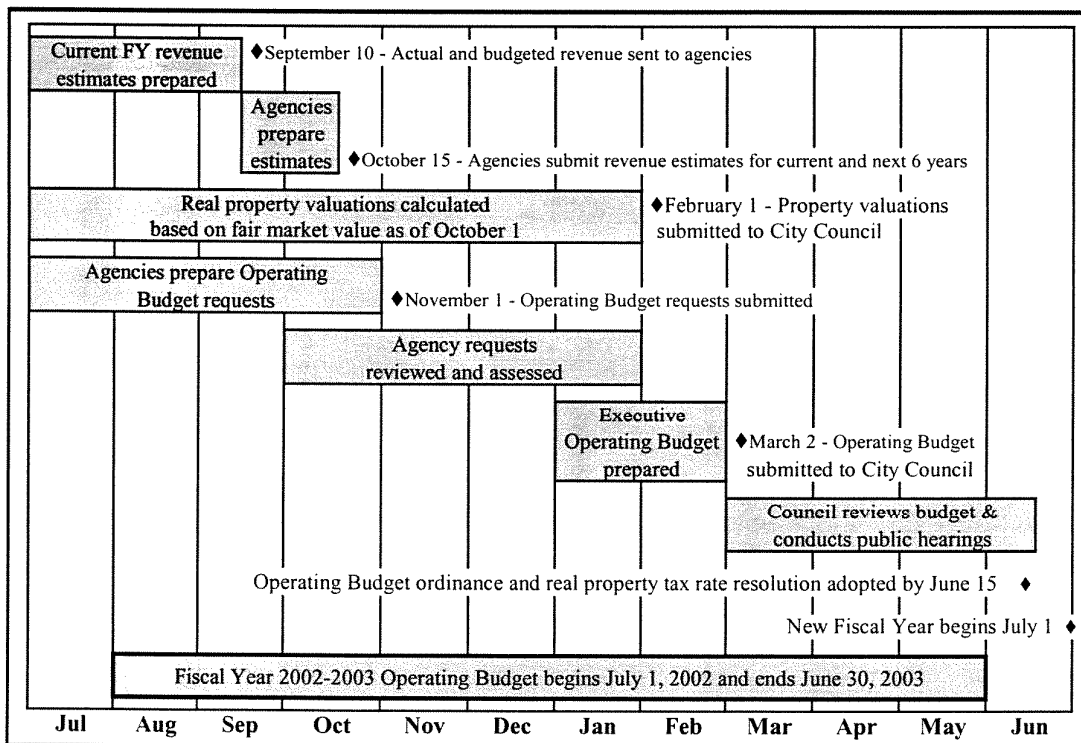
In addition to the two Budget Volumes, the City administration also prepares and submits to the City Council a bill for an Operating Budget ordinance and a bill for a Capital Budget ordinance. These proposed ordinances provide for appropriations to fund the activities of the executive branch. Requirements and presentation details of the budget ordinances are set forth in Articles 17 and 18 of Section 2, Revised Ordinances of Honolulu.

The Revised City Charter can be found on-line at www.co.honolulu.hi.us/refs/rch. The Revised Ordinances of Honolulu can be accessed at www.co.honolulu.hi.us/refs/roh. Additional information concerning public hearings, a synopsis of the budget ordinance, City Council actions and the budget ordinances' status can be found at www.co.honolulu.us/council/calendar. The site is maintained by the Department of Information Technology, City and County of Honolulu. To report problems, contact webmaster@www.co.honolulu.hi.us.

THE OPERATING BUDGET

Appropriations contained in the executive operating budget ordinances are valid only for the fiscal year for which they were made. Any part of the appropriations which is not spent or reserved to pay for expenses lapses after June 30, the end of the fiscal year.

OPERATING BUDGET CALENDAR



THE BUDGET PROCESS (Continued)

REVENUE ESTIMATING PROCESS

The revenue estimating process tries to determine how much money will be available to pay for City services during the following fiscal year. The process begins in July with an analysis of current revenue collections, Oahu's economic trends, projections of the State of Hawaii's Council on Revenues and other data. Revenue estimates for the current year are forwarded to the executive agencies in September. Based on their past experience and knowledge of factors which may affect future collections, the agencies respond in October with their estimate of revenues for the next six years.

Real property assessments are calculated throughout the year. For the purpose of determining the following fiscal year's real property tax revenues, valuations are calculated based on the fair market value as of October 1. The valuations are submitted to the City Council by February 1 in accordance with Ordinance 8-11.1(e).

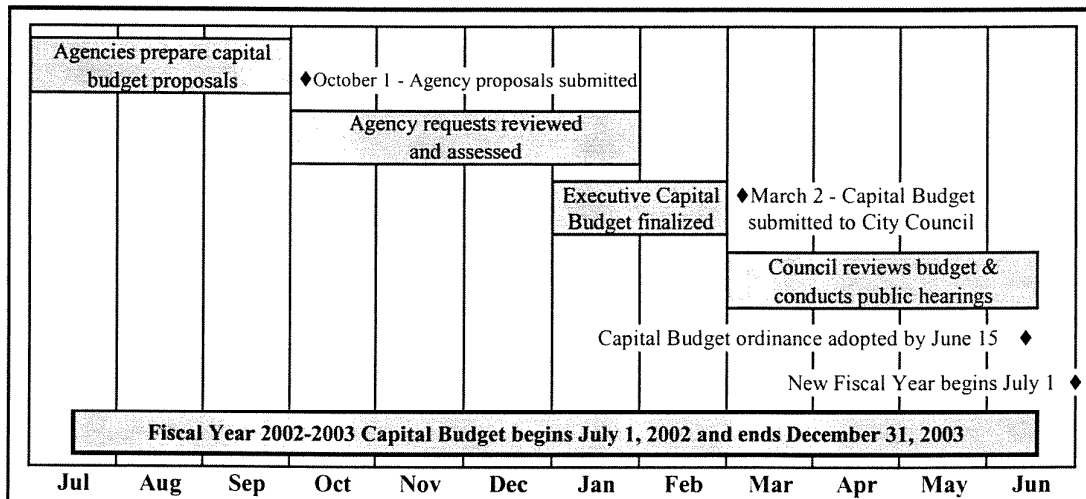
THE OPERATING BUDGET PREPARATION PROCESS

Guidelines for the preparation of the operating budget are forwarded to the executive agencies in September. Agencies respond in November with details of expenditure proposals and their justifications. Agency requests are reviewed, assessed and weighed against anticipated revenues and the requirements of non-agency expenditures such as debt service, employees' health fund costs and retirement benefit contributions. The Mayor makes the final program decisions and submits the operating budget proposal to the City Council by March 2 in accordance with City Charter Section 9-102.1.

THE CAPITAL BUDGET

Appropriations in the executive capital budget ordinance are valid only for the fiscal year for which they were made and for six months thereafter. Any part of the appropriations not spent or set aside to pay expenses lapses six months after the end of the fiscal year. Capital budget appropriations are available from the first day of June until the last day of December of the succeeding year.

CAPITAL BUDGET CALENDAR



THE BUDGET PROCESS (Continued)

THE CAPITAL BUDGET PREPARATION PROCESS

Budget preparation instructions are forwarded to executive agencies in July. Upon receipt, agencies prepare project proposals and submit them by October 1.

All proposed projects are reviewed and assessed by the Mayor and his staff, with the finalized proposed Capital Budget submitted to the City Council by March 2 in accordance with City Charter Section 9-102.1.

THE LEGISLATIVE BUDGET

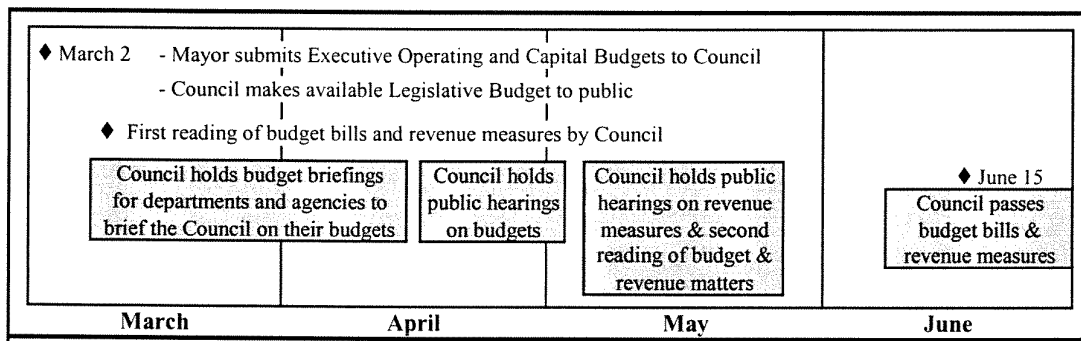
As with the executive operating budget, legislative budget appropriations are valid only for the fiscal year for which they are made. Any part of the appropriation that has not been spent or reserved to pay expenses lapses at the end of the fiscal year. The fiscal year begins on the first day of July and ends on the last day of June of the following year.

The legislative budget must be prepared and available for public review by March 2. The City Council conducts hearings and must pass the legislative budget ordinance by June 15.

CONSIDERATION AND ADOPTION BY THE CITY COUNCIL

Upon receipt of the executive program, annual budget and proposed ordinances from the Mayor, the Council immediately notifies the public of its intention to hold public hearing on the executive submissions and also on the legislative annual budget and ordinance. Upon the conclusion of the hearings, the Council may add new items to, delete or amend any item in the executive and legislative proposals. Like other bills, the Council adopts the executive and legislative programs and budget ordinances by majority vote after three readings on separate days. The Council must pass a resolution establishing the real property tax rates and all budget ordinances by June 15. If final action is not taken on or prior to that day, the executive budget ordinances as submitted by the Mayor go into effect.

COUNCIL DELIBERATION CALENDAR



The Mayor has 10 working days in which to (1) sign the ordinances, (2) veto the measures or (3) to return the measures unsigned, in which case the measures become law as if he had approved them.

For information about how bills become law or the Council's procedures and schedules, see www.com.honolulu.hi/council.

THE BUDGET PROCESS (Continued)

AMENDMENTS TO THE BUDGET AND OTHER APPROPRIATIONS

Amendments to the executive and legislative budgets may be initiated and considered by the Council under the same procedures prescribed for the adoption of the annual budgets themselves, provided that:

- (a) No amendment can increase the total authorized expenditures to an amount greater than the estimate of monies available for the fiscal year.
- (b) Amendments to the capital budget ordinance must conform to the operating and capital program, as amended.

Appropriations for items not included in the annual budget ordinances may be proposed by the Council or by the Mayor for the following purposes only:

- (a) To meet contingencies which could not be anticipated when the budget ordinances were passed.
- (b) To pay the expenses of holding special elections and elections on proposals to amend the charter.

No part of the budget ordinances can be amended, revised or repealed by the Council except by another ordinance.

BUDGET AND BUDGETARY ACCOUNTING

The budgets are on a basis consistent with GAAP (generally accepted accounting practices, see GLOSSARY OF TERMS) except that encumbrances are treated as budgeted expenditures in the year the commitments are made.

Formal budgetary integration is employed (i.e., annual operating budgets are legally adopted) for the general fund and special revenue funds (except the farmers home administration loan and revolving funds). Effective budgetary control for debt service, trust and agency, and revolving funds is achieved through bond indentures, contractual provisions and legislation. Formal budgetary integration is not employed for capital projects because effective budgetary control is achieved through contractual provisions and project oversight. Flexible budgeting (i.e., the relationship of costs to revenues) is employed for enterprise funds.

The Mayor is authorized to transfer appropriations between activities within a department. To transfer appropriations between departments, the legal level of budgeting, amendment must be made to the enacted budget ordinance. Amendments to the enacted budget ordinance may be proposed only by the Mayor. Amendments for items not included in the enacted budget ordinances may be proposed by the Mayor or the City Council.

GLOSSARY OF TERMS

Activity - The smallest unit of budgetary accountability and control which encompasses specific and distinguishable lines of work performed by an organizational unit to accomplish a function for which the City is responsible.

Agency - Any department, office, board, commission or other governmental unit of the City.

Appropriation - Authorization granted by the City Council to make expenditures and incur obligations for purposes specified in the appropriation ordinance.

Assessed Valuation - The value of real estate or other property used as a basis for levying real property taxes.

Bond - A written instrument to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond resolution or ordinance. The most common types of bonds are general obligation and revenue bonds which are most frequently used for construction of large capital projects such as buildings, streets and sewers.

Bond Funds - Monies derived from the issuance of bonds used to finance authorized capital expenditures.

Budget (Proposed and Adopted) - The Mayor submits to the City Council a proposed budget reflecting the expenditure and revenue level for the coming fiscal year. When the Mayor and City Council have formally endorsed the expenditure and revenue level, the proposed budget becomes the adopted budget, appropriating funds and establishing legal expenditure limits.

Budget Issue (*Formerly referred to as Workload/Program Adjustment*) - Items that require special management attention, including, but not limited to, proposed new programs or projects, expansion of current services, items to be delineated as an issue such as new equipment, or drastically increased costs for continuation of programs or items as they currently exist.

Budget Message - The opening section of the budget through which the Mayor provides the City Council and the public with a general summary of the most important budget issues, changes from recent fiscal years, and recommendations regarding the financial policy for the coming fiscal year.

Capital Budget - A plan for capital expenditures to be incurred during the budget year (see "fiscal year") from funds appropriated for projects scheduled in the capital program for the first year thereof.

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over a fixed period of years, specifying the full resources estimated to be available to finance the projected expenditures.

Carry-over - See Fund Balance, Unreserved.

Contingency - Funds reserved to cover unforeseen expenditures that occur during the fiscal year.

Cost Elements - The major subdivisions of a cost category. For the "operating" category, it includes salaries, current expenses and equipment.

Current Services - The amount of budgetary resources needed to provide the existing level of services based on the current workload.

Debt Service - The principal and interest payments on an obligation resulting from the issuance of bonds and notes.

Encumbrance - Commitments to incur obligations in the form of purchase orders, contracts, or other commitments which are chargeable to an appropriation and for which part of the appropriation is reserved. They cease to be encumbrances when expended.

GLOSSARY OF TERMS (Continued)

Enterprise Fund - A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. User fees are established and revised to ensure that revenues are adequate to meet all necessary expenditures.

Expenditures - Cost of goods delivered or services rendered, whether paid or unpaid, including expenses and capital outlays. Expenditures are distinguished from encumbrances in that expenditures relate to goods delivered or services rendered, whereas encumbrances represent commitments or obligations for goods to be delivered or services to be rendered in the future and for which no actual liability has yet been incurred.

Federal Aid - Funds received from the Federal Government.

Fiscal Year - The fiscal year of the City begins on the first day of July and ends on the last day of June of the succeeding year. (Appropriations in the capital budget ordinance are valid for the fiscal year for which they are made and continue for six months thereafter.)

Full-Time Equivalent Position - A number representing a part-time position converted to the decimal equivalent of a full-time position.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

Fund Balance, Unreserved - Actual or estimated unreserved fund balance carried over from the prior fiscal year and available for appropriation. The estimated fund balance together with the estimated revenues and interfund transfers for the upcoming year determine the maximum amount available for appropriation in the proposed year's budget.

General Obligation Bonds - Bonds for which the full faith and credit of the City are pledged for the payment of debt service.

Generally accepted accounting principles (GAAP) - GAAP are the uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentations.

Goal - A broad statement of a desired end result.

Grant - A funding source which includes State, Federal and private subsidies received in aid of a public undertaking.

Interfund Transfer - Legally authorized transfer from a fund receiving revenues to a fund through which the resources are to be expended.

Lapse - The automatic termination of the authority to expend money or incur obligations granted earlier by an appropriation. Except for continuing or indefinite appropriations, an appropriation is made for a certain period of time. At the end of that period, any unexpended or unencumbered balance thereof lapses unless otherwise provided by law.

Means of Financing - The source of funds from which appropriations are made.

GLOSSARY OF TERMS (Continued)

Modified Accrual Basis of Accounting - Under this system of accounting, recommended for use by governmental funds, revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time a liability is incurred except for inventories, prepaid insurance, certain employee benefits, and principal and interest.

Objective - A statement of the end result, product, or condition desired, for the accomplishment of which a course of action is to be taken.

Operating Budget - A financial plan for the operation of government and the provision of services for the fiscal year. Excluded from the operating budget are funds appropriated in the capital budget.

Operating Costs - The recurring costs of operating, supporting and maintaining authorized programs, including costs for salaries, employee fringe benefits, current expenses (supplies and materials) and equipment (including motor vehicles).

Operating Funds - Resources derived from recurring revenue sources which are used to finance ongoing operating expenditures and pay-as-you-go capital projects and are reflected in the appropriation ordinances.

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a specific function of the City.

Program Measures - The numerical means (such as the number of persons serviced by a program) of expressing the magnitude of a program or the degree to which the program's objective is attained.

Real Property - Means all land and the improvements upon it including buildings, other structures, fences and any fixtures attached to them which cannot be removed without substantial damage to such land and improvements.

Real Property, Net Taxable - Means the fair market value of property less exemptions provided by ordinances.

Real Property Tax Rate - A value, which when used to multiply the net taxable real property, yields real property tax revenues for the City. The tax rate for Honolulu is expressed as dollars per \$1,000 of property value and is set by the City Council by adoption of a resolution.

Resources - Amount available for appropriation including estimated revenues, interfund transfers and unreserved fund balances.

Revenue Bonds - Bonds where the debt service is payable solely from the revenues generated by the operations of the facilities being financed by the bonds or by other non-tax sources.

Revolving Fund - A fund used to finance certain goods and services provided by City agencies on a self-supporting basis. It is used to pay for the cost of goods and services and is replenished through charges made for those goods or services or through transfers from other accounts or funds.

Special Revenue Funds - Resources which are dedicated or set aside by law for a specified object or purpose, but excluding the general fund and revolving and trust funds.

Special Assessment - A charge made against certain properties to help pay for all or part of the cost of a specific capital improvement project. Also park land or a monetary assessment fee received from new developments.

Transient Accommodations Tax (TAT) - Also known as hotel room tax. The City receives 19.7% of the funds collected by the State. The current TAT rate in the State of Hawaii is 7.25%.

GLOSSARY OF TERMS (Continued)

Tax Revenues - The amounts collected from compulsory charges, in the form of taxes, levied by the City for the purpose of financing services performed for the public benefit. Sources of City tax revenues are the real property tax, fuel tax, vehicle weight tax and public utility franchise tax.

Trust Fund - A fund used to account for assets held by the City as a trustee or agent for individuals, private organizations, other governmental units, and/or other funds and which was created or established by a gift, grant, contribution, devise, or bequest that limits the use of the fund to designated objects or purposes.

User Fees - Fees for a public service paid by the user of the service.